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UNCLAS TEGUCIGALPA 000811

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SUBJECT: Honduras Announces New Minimum Wage - Nine Percent
Raise for Most Workers

Ref: Tegucigalpa 560

1. After long and contentious negotiations, on April 1, the Government, the private employers' association (COHEP), and the three labor confederations announced they had agreed upon a raise in the minimum wage effective immediately. Unlike past years when the raise was backdated to January, this year's raise is not retroactive. The revised daily minimum wage scale is broken down by sector and by size of business: small (1-15 workers) and large (16 or more workers). The scale ranges from 54.7 lempiras (USD 3.04) per day for workers in small agriculture to 89.7 lempiras (USD 4.99) per day for workers in financial/insurance companies and workers in export-oriented businesses (including maquilas and certain commercial agriculture such as tobacco, coffee, bananas, and seafood). Workers in such areas as construction, services, mining, transportation, communication, etc. have minimum wages in between these two rates.

2. The minimum wage scale in 2003 ranged from 48.85 lempiras to 82.3 lempiras per day. This year's raise was approximately 12 percent for workers in small agriculture, but approximately nine percent for most other workers. Inflation was approximately 7.7 percent in 2003 according to the Central Bank.

Palmer